

Supplemental Nutrition Assistance Program (SNAP)

August 2025



One Big Beautiful Bill Act of 2025 (OBBBA) Background

H.R.1: OBBBA passed Congress July 3, 2025;
signed into law July 4, 2025.



Imposes significant changes to Medicaid,
SNAP and the Affordable Care Act (ACA)
Marketplace.



New conditions of eligibility and federal
funding cuts have a range of effective dates.

What is SNAP?



Putting healthy food within reach for people in need.

SNAP provides food benefits to low-income families to supplement their grocery budget so they can afford the nutritious food essential to health and well-being.

Who receives SNAP in Michigan?



43% of SNAP households have children.



51% of SNAP households have a person with a disability.



36% of SNAP households have older adults.



78% of households include someone with earned income.

SNAP Economic Impact

Local Economy

- 9,700 Michigan retailers.
- Retailers redeemed over \$3.2 billion in FY24.

Michigan Benefits

- Average amount per person in FY24 was \$173 per month or \$5.68 per day.

SNAP Dollar Impact

- \$1 in SNAP leads to \$1.54 impact.

Community Impact

- Reduces health care costs.
- Improves educational outcomes.
- Supports local jobs and economies.

Immediate Impact to Clients

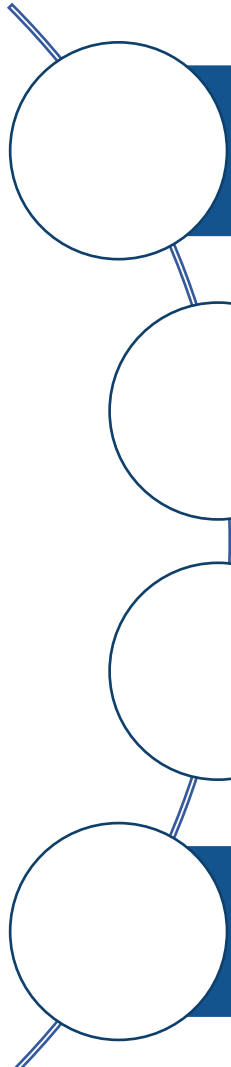
- Low Income Home Energy Assistance Program (LIHEAP) deduction changes. Clients' benefits may be reduced.
- Removal of the internet expense deduction. Clients' benefits may be reduced.
- Michigan currently has a waiver for Food Assistance Program (FAP) Able-Bodied Adults Without Dependents (ABAWD) work requirements. Clients may be impacted by the changes, requiring more counties and more individuals overall to comply with ABAWD requirements.
- U.S. citizens and approved Lawful Permanent Residents (LPR) continue to be eligible for FAP benefits. Changes have been made to which immigrant statuses (certain refugees or asylees) are approved LPR. Clients' benefits may be reduced or terminated.



SNAP Payment Error Rates

- SNAP has one of the most rigorous quality control systems in the federal government.
- MDHHS works with the U.S. Department of Agriculture's Food and Nutrition Services (FNS) to identify payment errors.

SNAP Payment Error Rate Process



The percentage of mis-issued dollars is often referred to as the FAP Payment Error Rate (PER). It includes department and customer-caused errors.

FAP Quality Control in the Bureau of Audit determines the percentage of dollars that are issued in error by month.

PER higher than 6% puts states at risk of sanctions imposed by FNS.

Michigan is ahead of the national average on the PER; only six states are below the 6% threshold that results in no penalty.

SNAP Benefits Funding Cost Impact



FY24 SNAP Benefits Paid to Recipients: \$3,209,897,500	State Error Rate	State Cost Share	Cost Impact
	0-5.99%	0%	\$0
	6-7.99%	5%	\$160,494,900
	8-9.99%	10%	\$320,989,800
	10% or more	15%	\$481,484,600

Effective FY28, states will be required to contribute to the cost of total SNAP benefits. State contribution rates will be ***based on a state's SNAP error rate.*** Michigan's official FY24 SNAP payment error rate was **9.53%**. Assuming no reduction in error rate, the **impact** of the proposal is in the range of **\$320 million to \$481 million annually.**

Administrative Cost Impact



Under current law, SNAP administrative costs are shared equally by the federal and state governments.

Effective FY27 the federal share will decrease from 50% to 25%, requiring states to pay 75% of SNAP administrative costs. The change in the administrative cost share is estimated to more than \$95 million dollars annually.

FY24 SNAP Administrative Costs	State Cost at Current 50% Cost Share	State Cost at Proposed 75% Cost Share	Estimated Increased State Share
\$382,705,600	\$191,352,800	\$287,029,200	\$95,676,400

Mandatory SNAP Administrative Costs



SNAP Key Dates

June
2026

- FY25 final Payment Error Rate posted by the Food and Nutrition Service.

June
2027

- FY26 final Payment error Rate posted by the Food and Nutrition Service.

Oct
2027

- FY28 cost share payments begin based on FY25 or FY26 Payment Error Rate.